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NEWS UPDATE - March 2, 2001

TAXES – LET THE DEBATE BEGIN, UHH, END…
The New York Times reports that the House Ways and Means Committee opened and closed debate on Bush's massive tax-giveaway-to-the-rich plan, pumping it through on a party line vote for full House consideration next week. As the article states, "Republicans moved unusually fast — without public testimony and before an overall budget outline had been approved."

TAXES – WHAT ARE THEY SO AFRAID OF?
CongressDaily reports that House Republicans might not even allow a vote on an alternative to their tax bill next week.

BUDGET – THE DIFFERENCE BETWEEN SLOGANS AND REALITY
The Center for Budget and Policy Priorities releases a report analyzing how Bush's tax rhetoric does not match up to budgetary reality.

CONSUMER PROTECTION – BANKRUPTCY BILL PASSES
The New York Times reports that "The House overwhelmingly approved a bill championed by the banking and credit card industries that would overhaul the nation's bankruptcy system and make it much harder for people to wipe out their debts." Despite fierce opposition from consumer groups, organized labor and the Progressive Caucus, only 108 votes were mustered in opposition.

LABOR – GOP CONTINUES ASSAULT ON WORKERS WITH EFFORTS TO STRIP ERGONOMICS REGS
The Associated Press reports that "according to lobbyists, Senate Republicans intend to launch a hurry-up attempt next week to overturn Clinton administration rules aimed at protecting against workplace injuries caused by repetitive motion." This would continue the assault launched last week by President Bush when he overturned various executive orders dealing with workplace protections.

ENERGY – BIG SURPRISE: CORPORATIONS REAPING HUGE PROFITS OFF POWER CRISIS
The Sacramento Bee reports that "electricity wholesalers overcharged California utilities as much as $550 million in December and January." As the article notes, state and power grid regulators will recommend that federal officials order the companies to provide refunds immediately.

CAMPAIGN FINANCE – BELTWAY GROUPS CONTINUE TO FLOOD OFFICIALS WITH CASH
CongressDaily reports that "the inside-the-Beltway trade gave a total of $21.6 million in unlimited soft money contributions to the Republican and Democratic parties in the last election cycle, a 69 percent jump over the $12.8 million funneled by the groups in 1995 and 1996."

FOOD SAFETY – CONCERNS OVER GENETICALLY ENGINEERED FOODS ESCALATES AT USDA
The New York Times reports that "the Agriculture Department asked today for an accounting of the amount of seed corn tainted with a genetically engineered variety of corn that caused a nationwide recall of food products last year. In continuing tests at the request of the department, seed companies are finding fresh traces of StarLink, the genetically altered corn seed."

GENETIC ENGINEERING – NEW CORN CROP MIGHT HAVE GE INGREDIENTS
The Washington post reports that "Corn seed about to be sold to farmers for this year's crop has been found to contain small amounts of a genetically engineered variety of the grain that prompted massive recalls of food and crops last year."

FOREIGN POLICY – IS THIS REALLY THE HELP WE WANT TO GIVE?
The Nation reports on U.S. policy in Columbia. As the article says, once again, US power is being projected abroad at a punishing social cost to a country we're supposed to be "assisting."

CORPORATE WELFARE – BANKS LOOKING TO PROTECT OVERSEAS MONEY
The Wall Street Journal reports that "executives from Bank of America Corp. and J.P. Morgan Chase & Co. advised Congress against enacting legislation that would strictly regulate dealings between U.S. financial institutions and offshore banks. A recent probe by the Senate Governmental Affairs Committee found huge amounts of illegal and questionable funds flowing through so-called correspondent accounts opened by offshore banks at major U.S. banks. The accounts provide holders access to the U.S. financial system and can be used to launder money and for other illegal transactions."

On the Editorial Pages…

PRESCRIPTION DRUGS – THEY CAN BE CHEAPER, DESPITE INDUSTRY CLAIMS
Herbert Schreier writes for the San Francisco Chronicle that it is obvious that drug companies can afford to lower the price of AIDS drugs for countries that need it. As he writes " if we chose to make AIDS treatment available to all, much like Unicef's global system of vaccination, even at the low price of $600 per patient per year, it would take $3 billion a year to treat the estimated 5 million patients who need the drugs. Leaving the issue of how much profit is needed aside, these same drug companies spend $1 billion a year on promotional events such as the ones I have been invited to.

ENERGY – DRILLING IN ALASKA IS JUST PLAIN NUTS
Thomas Friedman of the New York Times writes that in the ongoing energy debate "risking the Arctic Refuge to extract a pittance of oil is nuts, when it could be painlessly extracted through better conservation and efficiency."

ENERGY – SUV'S IN A BUSH ERA
Derrick Jackson of the Boston Globe takes a look at the explosion of SUVs in an era of high energy prices, and an administration that will keep those prices high. As he writes, "It cannot be a coincidence that the Unimog – the largest SUV every offered on the market – is now being offered precisely when we have a new president on whom the automotive and oil industries overwhelmingly placed their campaign bets. According to the Center for Responsive Politics, the automotive industry gave President George W. Bush $1.25 million in the 2000 election."

TAXES – WE SHOULD BE ASKING WHY
William Raspberry writes for the Washington Post that "I've been listening to the tax-cut debate -- over budget surpluses, projections, fairness and the rest -- but my mind has been on another question: Why? Why does President Bush insist on a huge tax cut, even when the American people, the polls tell us, are lukewarm to it at best?"

Quote of the Day…

"It is a wish list of every big-money special interest group."

– *Progressive Caucus Rep. Jerrold Nadler (D-NY) on the bankruptcy bill that passed yesterday (NY Times, 3/2)*

In the News on March 2, 2001

HOUSE COMMITTEE APPROVES CORE OF BUSH'S TAX CUTS

New York Times
http://www.nytimes.com/2001/03/02/politics/02TAX.html

WASHINGTON, March 1 — Voting along party lines, the House Ways and Means Committee approved the heart of President Bush's tax cut plan today and set up a vote in the full House next week.

The bill would lower tax rates across the board. This year, all individuals who owe income taxes would have them reduced by $180, and couples would get a cut of $360.

In future years, the tax reductions would grow and would be much larger for the wealthiest taxpayers. Over 10 years, the measure would cost $958 billion, about three-fifths of the $1.6 trillion in tax relief the president wants over that period.

The bill, the centerpiece of Mr. Bush's presidential campaign and the top item on his legislative agenda, was adopted, 23 to 15, with all Republicans in favor and all Democrats opposed. The Republican majority rejected a Democratic alternative that offered smaller cuts and little relief for the wealthy.

The legislation's prospects in the Senate are uncertain, and no measure is likely to be enacted before summer.

The legislation was limited to reducing tax rates. The other parts of the Bush plan, like repeal of the estate tax and a doubling of the tax credit for children, were put off.

"This is the beginning, not the end," said Representative Bill Thomas, Republican of California, the Ways and Means Committee chairman.

Republicans moved unusually fast — without public testimony and before an overall budget outline had been approved — and made part of the rate cut retroactive to the beginning of this year, in part to overcome objections that Congress could not act quickly enough for a tax reduction to stimulate the economy.

At a time of "weakness and uncertainty in the economy," Mr. Thomas said, "this will put real dollars in the pockets of workers today."

But mainly, Republican leaders in the House were eager to take advantage of the new president's political honeymoon and to put pressure on the Senate.

Democrats complained that Republicans had given them no voice in writing the legislation and had breached the spirit of bipartisanship that the president has said he is trying to foster.

"Not allowing the minority to express itself, even when it's going to lose, is not the climate the president is trying to initiate," said Representative Charles B. Rangel of Manhattan, the committee's ranking Democrat.

Bald partisanship, however, is the way of the House of Representatives. When Democrats controlled the House, they were no more solicitous of the views of Republicans.

The Senate does not plan to follow the tracks of the House and consider the various aspects of tax legislation piecemeal. And it looks as if the president will have to make compromises to get any tax measure through the Senate. So, despite the efforts in the House to move with what for Congress is warp speed, tax legislation is unlikely to become law before summer.

Democrats argued that the Republican plan was fiscally irresponsible, of no help to the economy and unfairly tilted toward the rich.

"This is a reckless course we are following," Mr. Rangel declared.

Representative Michael R. McNulty, Democrat of New York, said the projected budget surpluses were too uncertain to be counted on.

"I don't want to go back to the days of deficit spending," Mr. McNulty said. "This bill puts us in that direction."

The Democrats insisted that they, too, favored a tax cut.

"What we are bickering about is how much and how we share it," said Representative Karen L. Thurman, Democrat of Florida.

Republicans insisted that with large budget surpluses forecast from now to the horizon, Americans deserved to get some of their tax money back from the government.

"Hard-working income-tax payers are paying more than they should or need to pay," Mr. Thomas declared.

Expressing the view of many of her fellow Republicans, Representative Nancy L. Johnson of Connecticut said, "It will have a real impact on the strength of the economy."

Democrats challenged that point, noting that the tax saving this year would be only $5.5 billion, about five one-hundredths of 1 percent of the $10 trillion national economy.

"Those who talk about the stimulative effect, you're talking about small drops in a huge sea," said Representative Sander M. Levin, Democrat of Michigan.

This year, the bill would lower to 12 percent from 15 percent the tax rate on the first $6,000 of taxable income for individuals and $12,000 for couples. If the bill becomes law this year, tax withholdings will be adjusted so the saving will immediately show up in paychecks.

Beginning next year, other marginal tax rates would be reduced in stages so that by 2006, the lowest rate would be 10 percent, and the top rate would be cut to 33 percent from 39.6 percent. The intermediate marginal rates would also be cut year by year over five years. The 36 percent rate would also be reduced to 33 percent. The 31 percent rate would be cut to 28 percent. And the 28 percent rate would be cut to 25 percent.

Marginal rates are what taxpayers owe on the last dollar of taxable income. An affluent couple, for instance, now pays 15 percent on about $30,000 of taxable income and larger percentages on other income until the 39.6 percent rate is reached on the taxable income above about $200,000. Taxable income is the amount after exemptions and deductions are subtracted.

The bill would also change the alternative minimum tax, owed by taxpayers with unusually large deductions, to help families with three or more children and incomes below about $50,000.

The Democratic alternative, worked out last night by Senate and House leaders, would cost about half of the $1.6 trillion of the Bush proposal and would give much less tax relief to the wealthy. It stands no chance of being enacted. But it could be a starting point for negotiations if the Bush plan becomes bogged down in the Senate.

DELAY SAYS DEMOCRATS MAY NOT GET TO OFFER ALTERNATIVE

CongressDaily
http://www.nationaljournal.com

House Majority Whip DeLay said today that he does not believe congressional Democrats can slow down the Bush administration's tax cut plan — and suggested that House Democrats may not get the chance to offer an alternative plan when the issue reaches the floor. He also accused the Democrats of opposing tax cuts in principle. "If Republicans had introduced the Democrats' tax plan, they would not support it," he told a news conference. "The Democrats have never supported tax relief for the American people." DeLay dismissed the $900 billion Democratic alternative unveiledtoday, calling it "nothing more than a redistribution of wealth." And DeLay said it is "undetermined" whether Democrats would be allowed to even offer an alternative when the House debates President Bush's $1.6 trillion, 10-year tax cut. "It is a long tradition that tax bills come to the floor under closed rules," he said. House Speaker Hastert agreed, telling reporters: "We've always had some type of way to present their view. The reality, though, is the tax bill has been pretty tight under the rules." Asked whether he has the votes for the GOP-backed tax package, Hastert said he expects to win a few Democratic votes, while keeping most Republicans on board. "I think we'll pick up some prudent votes on the other side," he said. "I expect well get all the [GOP] votes that we need."

House Minority Leader Gephardt, asked earlier if Republicans have the votes to pass the tax cut, Gephardt replied he did not know. "Some Republicans may have some second thoughts about moving this too quickly," Gephardt said, while complaining, "We're not going to have one instance of discussion of the budget before we pass the tax bill." Gephardt and Senate Minority Leader Daschle again charged that Republicans are acting irresponsibly in moving forward with nearly $1 trillion in marginal rate reductions, and warned that an economic downturn and unfulfilled budget surplus projections would force Republicans to tap Social Security and Medicare funds to fund the government. "If the forecasts don't work out, they're headed for Social Security and Medicare," Gephardt said.

During a news conference, the Democratic leaders offered up their more modest tax relief alternative, costing about $900 billion over 10 years. "The president's tax plan gobbles up virtually the entire available surplus," Gephardt said. "His plan threatens every other initiative supported by the American people. Our plan fits within a responsible budget framework." Daschle called Republican tax relief "an amazing demonstration of irresponsibility," and said the Democratic alternative would put more money more quickly into the hands of low- and middle-income taxpayers. For his part, Hastert dismissed Democratic charges that GOP-sponsored tax relief would threaten the solvency of Social Security and Medicare. "Almost for 40 years under Democrats, Congresses have dipped into Social Security and Medicare trust funds. We stopped that," Hastert declared.

THE ADMINISTRATION’S BUDGET: GAPS BETWEEN RHETORIC AND REALITY

Center for Budget and Policy Priorities
http://www.cbpp.org/3-1-01bud.htm

Initial analysis of the Administration’s budget suggests substantial differences in key areas between the realities that underlie this budget and the comforting rhetoric surrounding it:

The supposed $842 billion contingency reserve is essentially an illusion.

First, the reserve is inflated by more than $500 billion through a misleading presentation that camouflages the surpluses in the Medicare Hospital Insurance trust fund, which both houses of Congress voted by nearly unanimous votes last year to set aside and not to use for tax cuts or other programs. The budget artificially makes the Medicare HI surpluses "disappear" in order to make the surpluses available for tax cuts and other initiatives appear to be larger than they actually are.

Second, the "extra" funds that constitute the reserve are generated by failing to include in the budget various costs that will inevitably occur, such as the costs of maintaining current payments to farmers, fixing the Alternative Minimum Tax so it doesn’t hit millions of middle-class taxpayers, and extending a number of expiring tax credits for the full 10 years. The "extra funds" also are generated by the lack of inclusion in the budget of the costs of some key initiatives the President promised in the campaign and plans to pursue, such as a national missile defense.

Third, the math underlying the reserve assumes that a prescription drug benefit and Medicare reform can be accomplished for $153 billion over 10 years. This amount is far below what any drug benefit that provides even modest help to middle-income seniors will cost and ignores the fact that restoring long-term solvency will require large additional sums to be devoted to Medicare from general revenues, even if controversial changes like those in the Breaux-Frist or Breaux-Thomas packages are enacted. (The Breaux-Frist and Breaux-Thomas packages would close only a modest share of the long-term funding gap in the Medicare Hospital Insurance trust fund. The need for additional general fund revenues can be avoided only if Medicare payroll taxes are raised significantly, an approach the Administration clearly does not favor.)

Fourth, any use of the reserve for purposes other than debt reduction — i.e., for AMT relief, Medicare reform, farmers, extra defense costs, or the like — will generate extra interest costs that also must fit within the reserve.

Fifth, the existence of the reserve also rests upon an assumption contained in the budget that cuts of several hundred billion dollars will be needed over the next 10 years in non-defense discretionary programs outside education, health research, and a few other favored areas. Such cuts will be very difficult to secure political support for, especially in a period of surpluses. They are unlikely to occur.
When realistic accounting is done, the reserve disappears and a budget hole emerges. If this budget hole is not filled, the budget will entail a return of deficits outside Social Security and Medicare (and of the use of Social Security and Medicare surpluses to fund other programs). In other words, since the reserve is inadequate to cover the likely claims against it, deficits outside of Social Security and Medicare Hospital Insurance trust funds are likely to return unless still larger cuts in domestic programs can be achieved.

The reserve turns out, upon close inspection, to be a clever accounting device that obscures more than it illuminates and cloaks the budget trade-offs the Administration's large tax cut creates. By failing to disclose the costs of a number of items and distorting Medicare financing, the budget essentially "hides the ball" and prevents policymakers and the public from seeing the trade-offs the tax cut entails. (The reserve is discussed in more detail in our accompanying piece, "The Administration's Budget Reserve: Do the Numbers Add Up?.")

2. A careful reading of the tables in the budget reveals that the budget math depends upon significant, unspecified reductions in non-entitlement programs. Table S-4 shows that the budget proposes cuts of $12.1 billion in fiscal year 2002 in discretionary programs outside defense, education, health research, and a few other favored areas. Table S-4 also shows a reduction of $8.4 billion in FY 2002 appropriations below the FY 2001 level for one-time items and earmarked items. Reductions of this magnitude in earmarked and one-time items are unlikely — each year's appropriations bills have new earmarks and one-time items. The probable result would be reductions greater than $12.1 billion next year in discretionary programs outside the favored areas. Another table (S-6) provides data showing that fiscal year 2002 funding for discretionary programs in an array of departments and agencies would be cut below a "freeze" level — that is, below the FY2001 level even without an adjustment for inflation. Among the agencies in which overall funding for discretionary programs would be cut below a freeze level are the Departments of Agriculture, Commerce, Energy, Interior, Justice, and Labor, and the Environmental Protection Agency.

The budget also shows that the Administration's education, defense, health research, and other discretionary initiatives would add $260 billion over 10 years, without counting national missile defense, while total discretionary spending would rise just $30 billion over 10 years. This means non-defense discretionary spending outside education, health research, and a small number of other favored areas would have to be reduced $230 billion below the current year's level, adjusted for inflation. These cuts are left unspecified. And when the Administration eventually proposes increases for national missile defense and other defense spending increases, the size of the reductions needed in other discretionary areas could grow several hundred billion dollars larger — or, more realistically, constitute another claim against an already over-subscribed "reserve."

Also of note, Table S-7 shows that the Administration is proposing new caps on total discretionary spending, to be set approximately at this year's level adjusted for inflation. Table S-12 purports to show how much each area of the budget would receive under the caps. But the figures in Table S-12 are illusory; a footnote to the table shows that the defense numbers in the table do not include any of the defense spending increases the Administration will propose in the future. Providing more money for national missile defense and other defense programs, as the administration is expected to do, will mean that other departments need to be cut to lower levels than the levels shown in the table, in order for total discretionary spending to fit within the caps the Administration has proposed.

What emerges is that the Administration is using the "reserve" — along with the lack of specificity regarding what it will seek for national missile defense and various other defense spending increases and what specific cuts it ultimately will propose in an array of domestic discretionary programs — to camouflage the trade-offs and tough choices its tax cut entails. Indeed, the strategy may be to show the defense increases — along with some of the proposed cuts— in the budget released a year from now, after the tax cut has been enacted.

3. Another point that emerges from the budget is that the Administration's tax cut costs at least $2.0 trillion. Table S-2 shows the tax cut will lose $1.62 trillion in revenue. It also shows increased interest payments on the debt of $417 billion. The overwhelming bulk of this $417 billion in added interest costs results from the tax cut. (The $417 billion reflects the added interest costs due to $1.62 trillion in tax cuts and $173 billion in net spending increases.) Since about $375 billion of the $417 billion in interest costs results from the tax cut, that brings the overall cost of the tax cut to $2.0 trillion. This $2 trillion cost does not include added costs from fixing problems in the Alternative Minimum Tax or from accelerating some of the tax cuts, which the President has said he favors.

4. The budget pays down less debt than it could. The Administration's claim that $2 trillion is the maximum amount of debt that can be paid down over 10 years rests on an assertion that there is $1.2 trillion of publicly held debt that cannot be paid down in this period. This figure is disputed by other experts. CBO has estimated that the amount of debt left outstanding at the end of ten years would be about $800 billion if the Treasury simply continues its existing policy of buying back some marketable debt before it matures. In recent testimony, Federal Reserve Chairman Alan Greenspan used a figure of $750 billion (plus some modest amounts of debt the Fed may or may not need to hold on to). Gary Gensler, the former Treasury Undersecretary who managed the Treasury's debt operations, concludes in a new analysis that the amount of debt outstanding in 2011 could be reduced as low as $400 billion to $500 billion. The Administration's figure is conveniently above these other estimates.

5. Finally, in some areas, the Administration's press releases and the President's address to Congress risk creating misleading impressions. For example, the President said last night that his budget would increase spending on Social Security, Medicare, and other entitlements by $81 billion in 2002. In fact, $68 billion of this increase represents no change in the operation, eligibility, or generosity of these programs; this $68 billion simply reflects costs that will automatically occur under current law as a result of the annual Social Security cost-of-living adjustment, increases in health care costs charged by medical providers, and an increase in the number of elderly beneficiaries. The true increase that the President is proposing in 2002 in these programs is $13 billion, about one percent of the cost of these programs, which would largely go for the "helping hand" prescription drug proposal.

HOUSE PASSES TIGHTER RULES TO CONTROL BANKRUPTCY

http://www.nytimes.com/2001/03/02/politics/02BANK.html

WASHINGTON, March 1 — The House today overwhelmingly approved a bill championed by the banking and credit card industries that would overhaul the nation's bankruptcy system and make it much harder for people to wipe out their debts.

The bill, which may become the first major piece of legislation to be signed by President Bush, is subject to approval by the Senate, where Democrats are vowing to amend it significantly to make it less onerous on debtors.

President Clinton vetoed a nearly identical bill in his final weeks in office, describing it as anticonsumer. Mr. Bush has indicated that he will sign the bill if it reaches his desk.

The vote in the House was 306 to 108, with majority Republicans solidly in support and Democrats split. The full Senate is expected to begin debating its version of the bill on Monday.

In urging support for the bill, its House Republican sponsors said that the legislation would end abuses of the bankruptcy system by debtors who are able to repay some of their loans.

"Bankruptcy should never be an item of financial planning," said Representative James F. Sensenbrenner Jr., the Wisconsin Republican who is chairman of the House Judiciary Committee.

But opponents portrayed the bill as a gift to the banking and credit card industries, which produced major donations last year for Mr. Bush's presidential campaign and other political candidates, Democrats and Republicans alike.

The opponents said that the legislation would be disastrous for workers with good credit histories who may lose their jobs if the economy continues to sour.

Representative Jerrold Nadler, a New York Democrat, said the bill was "rotten" and the result of intense lobbying pressure on members of Congress by the financial industry. "It is a wish list of every big-money special interest group," Mr. Nadler said.

The bill would disqualify many debtors from filing for what is known as a Chapter 7 bankruptcy, which allows them to wipe out credit card debts and other unsecured loans, and force them into Chapter 13, which requires some repayment.

Supporters say the overhaul would end abuses by debtors who continue to have high incomes after bankruptcy and can pay off much of the money they owe.

"More Americans file for bankruptcy than graduate from college each year," said Thomas Donohue, president of the United States Chamber of Commerce, in welcoming the House vote. "Congress needs to send a message to wealthy debtors that it's time to pay their bills."

Opponents point out that most people who enter bankruptcy do not have high incomes — a 1999 study by federal judges found the median income of debtors seeking bankruptcy was $21,500 — and say that the bill would put credit card companies on an equal footing with women and children in seeking the assets of bankrupt fathers.

"With the economy sinking, this unbalanced bill couldn't come at a worse time for American consumers," said Howard M. Metzenbaum, the retired Ohio senator who is chairman of the Consumer Federation of America.

"The credit card companies used their political might to push through legislation that will limit access to a fresh start in bankruptcy for many who lose a job."

REPUBLICANS MOVE TO OVERTURN CLINTON RULES ON WORKPLACE INJURIES

New York Times
http://www.cnn.com/2001/ALLPOLITICS/03/02/workplaceinjuries.ap/index.html

WASHINGTON (AP) -- Senate Republicans intend to launch a hurry-up attempt next week to overturn Clinton administration rules aimed at protecting against workplace injuries caused by repetitive motion, according to lobbyists and GOP officials.

These sources, who spoke on condition of anonymity, said Republicans hope to use a little-known federal law to bring the issue to the Senate floor as early as Tuesday under rules that mandate a swift vote.

A vote on the issue would mark the latest development in a decade-long struggle over an effort by the Occupational Safety and Health Administration to regulate repetitive motion injuries.

The Clinton administration issued the regulations, running more than 600 pages in the Federal Register, in mid-November. They took effect on Jan. 16, four days before President Bush took office, although businesses have until October to comply.

Organized labor supports the rules, which could force companies to alter work stations, redesign facilities or change tools and equipment once employees are found to suffer work-related injuries.

"Ergonomic protections are now the law of the land and no one is going to take them away," AFL-CIO President John Sweeney said recently. "We will let our voices be heard loud and clear to let the Bush administration, the Congress and big business know that working families will not be outmaneuvered by this political power play."

Business organizations generally oppose the rules as arbitrary. "We don't think there is any scientific basis to say how many repetitions are too many, how much weight is too much," Stephen Bokat, senior vice president and general counsel of the U.S. Chamber of Commerce, said recently.

If Republicans succeed in repealing the rules, OSHA would be free to issue a different set of standards if the Bush administration wished.

Politically, the regulations have been contentious, and the Clinton administration and GOP majorities in Congress clashed numerous times over their fate.

The Senate voted last year to stop the rules from taking effect, and opponents of the regulations say they again have more than 50 votes against them.

And while Clinton supported the regulations, Republicans express confidence that Bush would sign legislation overturning them. Several sources who spoke on condition of anonymity said that in a White House meeting this week, Senate GOP Whip Don Nickles of Oklahoma produced a copy of the Federal Register containing the rules and indicated an effort would be made to kill them.

Bush reacted favorably, these sources said.

Ari Fleischer, White House spokesman, said Thursday the administration "has not taken any formal position but will do so shortly."

Brook Simmons, a spokesman for Nickles, said, "There has never been a more fatally flawed, unworkable regulation to come out of OSHA. ... It's going to kill jobs unless Congress acts to overturn it."

Nickles has also discussed the issue with Republicans in the House, where passage of repeal could be difficult given the pockets of support that organized labor enjoys among Republicans.

Critics of the rules intend to move under a 1996 law, the Congressional Review Act, that permits the House and Senate to pass legislation rejecting regulations issued by federal departments and agencies.

Legislation to overturn the OSHA rules was filed in the Senate during the day by Nickles, leading an effort also joined by GOP Sens. Mike Enzi of Wyoming, Christopher Bond of Missouri and Tim Hutchinson of Arkansas.

Officials said Republicans would file a petition signed by 30 senators next week in the Senate, an act that permits the bill to be called up for a quick vote.

OSHA estimates the rules would cost businesses about $4.5 billion in compliance costs but result in $9 billion in benefits through a reduction of injuries. Officials say 1.8 million workers in the United States have ergonomics-related injuries, with 600,000 missing work each year as a result.

Business organizations put the cost of compliance much higher, more than $90 billion a year.

POWER GRID OFFICIALS FIND WHOLESALERS OVERCHARGED UTILITIES

Sacramento Bee
http://www.sacbee.com/news/beelive/show_story.cgi?powerthursday

Electricity wholesalers overcharged California utilities as much as $550 million in December and January and should be ordered by federal officials to provide refunds, state power grid regulators said in a report they planned to file Thursday.

The Folsom-based California Independent System Operator, keeper of the state's grid, found in a preliminary analysis that total energy costs in December and January totaled $11 billion, compared with $7 billion in all of 1999.

Grid officials said in a draft press release that even with soaring costs for natural gas, the prices were above just and reasonable levels and the Federal Energy Regulatory Commission should order a refund for the "excessive" costs.

The ISO didn't release the names of generators it suspects of overcharging.

A spokesman for Duke Energy denied that the generator had overcharged the ISO. Duke sells most of its power in long-term contracts, and only a small percentage in the spot market that the ISO manages, said spokesman Tom Williams.

California got another reminder this week of just how volatile its energy supply is. A Stage 2 alert, with reserves at about 5 percent, was declared Wednesday by the ISO after a rare week with no power alerts. It was lifted Thursday morning, and no alerts were in effect.

Grid officials declared the power emergency after four Western power plants unexpectedly shut down for repairs while several state plants were offline for scheduled maintenance.

Utility customers got some good news Wednesday: Pacific Gas and Electric Co. announced average residential gas bills are expected to fall by up to 16 percent in March, thanks to a drop in natural gas prices.

On Wall Street, Gov. Gray Davis' multibillion-dollar rescue plan for PG&E and Southern California Edison drew a tepid response Wednesday.

Davis wants to buy the transmission lines of Edison, PG&E and the state's third investor-owned utility, San Diego Gas & Electric, to help Edison and PG&E pay their debts.

A "conceptual agreement" could be struck with the San Diego utility, a subsidiary of Sempra Energy, by the end of the week, while an agreement with PG&E "will take a little longer," he told reporters following a private meeting in New York with financial analysts.

Davis reached an initial agreement with Edison last week.

The governor has also ordered state agencies to speed up the application process for new power plants. He signed legislation letting the state spend an estimated $10 billion over 10 years to buy power for Edison and PG&E customers and called for conservation statewide.

Wall Street analysts who met privately with Davis in New York on Wednesday called his moves a good step toward solving the energy crisis, but said more must be done.

"He talked about a lot of short-term measures to alleviate problems for this summer, but he hasn't communicated a long-term fix," said Lawrence J. Makovich, senior director of Cambridge Energy Research Associates.

California has been plagued with energy problems for months. Tight supplies have had the state ISO scrambling frequently for enough power to avoid blackouts.

The state's two largest utilities say they've lost nearly $13 billion since June due to sharply rising wholesale electricity costs the state's deregulation law barred them from recovering from their customers.

Davis said strides California has taken to address its power needs include approving construction of nine plants and launching an $800 million conservation program.

The transmission plan would "make sure the taxpayers get some value" in the form of long-term electricity price stability and ensure the utilities avoid bankruptcy, he said.

In all, the proposal would put 26,000 miles of power lines under state control for a purchase price that could range from $4.5 billion to $7 billion.

California's greatest impediment to fixing its power problems are tough environmental standards and other regulatory hurdles that make it "very difficult and expensive to build power plants in California," Makovich said.

Calpine Corp., a San Jose-based generator, announced Wednesday it had agreed to two long-term contracts for $8.3 billion.

One would provide up to 1,000 megawatts for 10 years, starting July 1. The other would sell the state up to 495 megawatts for two decades.

One megawatt provides enough power for roughly 1,000 households.

INDUSTRY OFFICIALS ADVISE AGAINST LAW RESTRICTING ACTIVITY AT OFFSHORE BANKS

http://interactive.wsj.com/articles/SB983477541988386933.htm
By DAVID S. CLOUD
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON -- Executives from Bank of America Corp. and J.P. Morgan Chase & Co. advised Congress against enacting legislation that would strictly regulate dealings between U.S. financial institutions and offshore banks.

A recent probe by the Senate Governmental Affairs Committee found huge amounts of illegal and questionable funds flowing through so-called correspondent accounts opened by offshore banks at major U.S. banks. The accounts provide holders access to the U.S. financial system and can be used to launder money and for other illegal transactions.

At a hearing Thursday, Sen. Carl Levin (D., Mich.), whose staff conducted the probe, said he was considering introducing legislation that would bar U.S. banks from opening correspondent accounts for many offshore banks. These institutions operate in places with strict bank-secrecy laws and few regulatory requirements, like the Cayman Islands and Antigua.

Listen to a Senate hearing on money laundering by offshore banks, by arrangement with Hearings.com.

Bank of America Vice President James Christie and David Weisbrod, a senior vice president of the J.P. Morgan unit of J.P. Morgan Chase, testified that accounts at both institutions held by questionable offshore banks had been opened years ago, before the industry was sensitive to the risks.

Both executives said their banks are now closely scrutinizing correspondent relationships, and they warned lawmakers against a flat prohibition on U.S. dealings with offshore banks, some of which are critical to international capital flows. "There are major [foreign] banks that use offshore banks for capital markets," Mr. Weisbrod testified. "I think that the right solution would be to work internationally" to take away licenses from offshore banks that accept illegal deposits.

Mr. Levin said he planned to consult with the industry and others in the Senate and complete his proposals within the next several months. "We want to weed out the bad from the good," Mr. Levin said. "The offshore banks that aren't legitimate are probably in the majority. We do not want to do damage to the minority."

Another problem, Mr. Levin said, was that some legitimate offshore banks have their own correspondent relationships with less-reputable offshore institutions. He said he was considering a provision that would require U.S. banks to obtain better information about these relationships before taking on new correspondent clients.

Even that idea, however, caused some qualms for the U.S. executives, who said it wasn't practical for them to review hundreds of possible clients of other banks. Mr. Christie said any new requirements in this area should be confined to "high-risk banks and high-risk countries."

ASSOCIATIONS' USE OF SOFT MONEY JUMPED TO $21.6 MILLION IN 2000

CongressDaily
http://www.nationaljournal.com

The inside-the-Beltway trade associations that donated the most "soft money" in the last election cycle had billions of dollars at stake in key Capitol Hill debates during the 106th Congress, according to a CongressDaily analysis.

Overall, trade associations gave a total of $21.6 million in unlimited soft money contributions to the Republican and Democratic parties in the last election cycle, a 69 percent jump over the $12.8 million funneled by the groups in 1995 and 1996.

The figures were compiled from FEC filings by the nonpartisan Votenet Solutions Inc. and are included in a report in today's National Journal.

Not all of Washington's most influential trade groups played the soft money game. A small group of powerful associations led by the National Association of Manufacturers and National Federation of Independent Businesses sat on the sidelines.

However, those groups were over shadowed by hundreds of other trade associations that dramatically increased unlimited soft money contributions in 1999 and 2000, compared with the previous presidential election cycle.

The Edison Electric Institute, for example, generated $505,000 in soft money for the parties during the last two years as it worked to influence legislation that would have pried open the electricity marketplace to new competition.

The spending represents 137 percent increase over the amount the utility association donated in the previous presidential election cycle, placing the group among the to top 10 trade association contributors for the first time.

Soft money "helps us support the political parties and it helps us get involved in the process," said Jim Owen, an EEI spokesman.
Like EEI, each of the most generous trade associations had a vital stake in decisions by Congress or a federal agency.

The Blue Cross & Blue Shield Association, the most generous soft money contributor among trade groups, took a lead role in holding off a popular managed care bill.

The group and its statewide affiliates gave $1.13 million in soft money, nearly twice the amount contributed in the previous cycle--80 percent of which went to the Republican party.

The Bond Market Association, which ranked fourth among trade groups, with $586,000 in soft money, joined the charge for the GOP's effort to tighten bankruptcy laws, a Republican-backed bill that was approved by the House late Thursday (see related article, page 5).

Two-thirds of the association's soft money went to the Republican Party.

At the other end of the political spectrum, the second-ranked Association of Trial Lawyers of America contributed just under $1 million in soft money to the Democratic party while fighting Republican supported tort reform.

Other trade associations that gave large amounts of soft money are laying the groundwork for high-stakes battles on Capitol Hill.

The Cellular Telecommunications Industry Association, which wants the federal government to allocate more wireless spectrum to its membership, wired $518,000 to the parties, an 877 percent increase over 1995-1996.

The Recording Industry Association of America, likewise, increased some money giving 10-fold to $376,000 as it prepared to take on online music distributors.

Most trade associations were reluctant to discuss their reasons for increasing soft money contributions.
Those that spoke with CongressDaily said the contributions allow their organizations to get involved and inform lawmakers about their industries.

A spokeswoman for the American Gas Association said the contributions "help to inform officials about natural gas and...what types of policies need to be taken."

AGA was No. 9 on the list with $483,000 in soft money contributions, a 378 percent increase over the previous presidential cycle.
Meanwhile, the figures reveal that some of Washington's most entrenched and successful trade associations have been reluctant to join the soft money race.

NAM gave just $14,500 in soft money to the parties. That placed the influential group behind 158 other trade groups, including the Delaware Racing Association, the Plumbing Industry PAC and the Beer Institute.

Other Washington heavyweights also were stingy with their soft dollars. The Motion Picture Association of America ranked 153rd, the American Medical Association fell to 127th, the NFIB claimed 105th, the National Association of Wholesaler-Distributors ranked 126th and the National Rural Electric Cooperative Association was 163rd.

The U.S. Chamber of Commerce, in contrast, shot from No. 147 to No. 29 by spending $201,000 in soft money--an increase of 1,575 percent.

Each of the groups spending less in soft money have other resources, often relying on large, active memberships and a generous PACs to contribute money directly to candidates.

"If we did not have a sizable base, it would be far more difficult" not to give soft money, said former Rep. Glenn English, D-Okla., the head of the National Rural Electric Cooperative Association. "That would be a real problem."

NEW WORRIES OF PLANTING ALTERED CORN

New York Times
http://www.nytimes.com/2001/03/02/business/02CORN.html
WASHINGTON, March 1 — The Agriculture Department asked today for an accounting of the amount of seed corn tainted with a genetically engineered variety of corn that caused a nationwide recall of food products last year.

In continuing tests at the request of the department, seed companies are finding fresh traces of StarLink, the genetically modified corn made by Aventis CropScience, in small amounts of seed meant for sale to farmers, government and industry officials said today.

Angela Dansby, spokeswoman for the American Seed Trade Association, said, "Our members have been doing tests for StarLink since last fall and, yes, they have found new traces."

With spring planting approaching, the government and the food industry said they had hoped to prevent farmers from using seed corn contaminated with StarLink, which had been approved for animal feed but had not been approved human consumption because of concerns that it might cause allergic reactions.

The contamination caused a costly disruption in the nation's grain-handling system and forced the recall of more than 300 kinds of corn chips, taco shells and other foods.

After a meeting today of representatives of the seed and food industry and the government agencies overseeing biotechnology for agriculture, Ms. Dansby said the trade association had agreed to canvas its 200 members and find out how many bags of seed were contaminated and the value of that seed.

She said the Agriculture Department wanted the results by Friday.

Kevin Herglotz, the department spokesman, said: "We've urged the seed companies to test and monitor the seed for StarLink. We've urged the farmers to request verification that their seed is not contaminated."

Mr. Herglotz said today's gathering was part of a series of meetings established last year by Dan Glickman, the agriculture secretary, to contain the spread of seed contaminated by StarLink.

Last autumn, the government prodded Aventis into starting a $100 million program to buy as much of the StarLink harvest as possible, and now nearly every major food and agriculture company is testing for Cry9C, the protein produced by StarLink.

In November, Aventis offered to help seed companies test and screen for StarLink contamination, and the companies agreed.

Agricultural officials said today that although it was unclear how the seed became tainted, many suspected cross-pollination. Keeping StarLink segregated — field to factory to consumer — from corn that is meant for human consumption has proved difficult, officials say.

"There's no structure to keep the StarLink corn separate from other corn," said Charles Hurburgh, a professor of agricultural engineering at Iowa State University. "The source of the contamination is likely to be crosspollination, where a field is pollinated by StarLink corn from faraway fields."

Mr. Hurburgh estimated that less than 5 percent of the corn seed — or about one million bags — would have to be taken off the market.

To the relief of officials, that seed had yet to be sold to farmers, much less sold to countries with more stringent regulation of genetically modified agricultural products.

Japan, one of the largest markets for American corn, rejected shipments in January after finding traces of the genetically modified corn. Japan imports about 4 million tons of corn for foods intended for humans and 12 million tons of corn for animal feed.

"I do not expect that this will have any impact on our overseas sales," said Val Giddings, vice president of the Biotechnology Industry Organization. "The companies have enormous incentive to test and know it won't be sent overseas."

PLAN COLOMBIA

by Marc Cooper
The Nation
http://www.thenation.com

Bogotá

As the United States becomes ever more deeply enmeshed in Colombia, individual Americans here, conscious of the threat of kidnapping or guerrilla attack, are rarely seen in public. Equally difficult to find is any concrete effect of the $2.2 million-a-day US aid program. With the country now into the third year of a crushing recession, factories remain shuttered while the unemployed sell tangerines, shoelaces, cookies and bootleg CDs on the clogged streets. Farmland is increasingly concentrated in the hands of a few rural barons, causing a million recently dispossessed campesinos to crowd into Bogotá's satellite slums. The country's infrastructure--its roads, schools and clinics--slowly waste without repair.

Indeed, to glimpse any effect of US aid you have to travel to the grimy southern side of this capital to a cluster of incongruously gleaming and heavily fortified buildings that are, in effect, Colombia's Pentagon. Walk into the marble-floored and track-lit headquarters of Colombia's national antinarcotics police and the generosity of that aid, as well as the incestuous relationship between Washington and Colombia's military machine, are suddenly evident. Outside the door of Commanding Gen. Gustavo Socha's office, mounted on a tripod, is an oversize photo of a grinning George W. Bush celebrating his election. Next to it is a full-color promotional illustration of a US-made Black Hawk attack helicopter. In the general's waiting room, visitors are attended to by a young, uniformed press officer, a polished graduate of the recently renamed School of the Americas, run by the US Army. Also present is an equally young security officer just returned from an intelligence training course at Lakeland Air Force Base in Texas.

In case there's any doubt about the level of American involvement here, the office adjoining General Socha's is occupied by a craggy, Clint Eastwood clone in civilian clothes, a former US Army colonel. A veteran trainer at the School of the Americas, the ex-colonel now works with the State Department's Narcotics Affairs Section and is deployed as full-time adviser to General Socha.

Countless other federal drug and intelligence agents also work in Colombia. In addition there are a couple of hundred or more US military advisers training three new elite battalions of the Colombian Army. Dozens of US choppers are also arriving here: one fleet of "Super Hueys," mostly for the Colombian Army, and a squadron of top-of-the-line Black Hawks, allocated mostly to Socha's antidrug troops. Along with them come an unknown number of private contract US pilots and helicopter technical crews. Another batch of private contract Americans are here to fly the crop-dusters that spray toxic herbicides over the coca-rich countryside. Supporting this operation are four new so-called Forward Operating Locations--US military intelligence outposts--in Ecuador, Aruba, Curaçao and El Salvador.

General Socha, in an interview, calls the US aid "crucial" to his efforts. "The value of the American technical assistance, the exchange of know-how, the electronic intelligence, the exchange of intelligence, cannot be overestimated," he says. And of course, neither can the helicopters. "They give us irreplaceable mobility and security for our operations."

All this largesse is paid for by a two-year, $1.6 billion US aid package shaped by the Clinton Administration, approved with little Congressional or public debate and wide bipartisan support, now inherited by the Bush White House. Commonly called Plan Colombia, its stated goal is to aid the Colombian government in wiping out half of the 300,000 acres of coca fields in Colombia within five years. About 80 percent of the program is strictly military, most of it focused on a "push" kicked off in early December into southern Colombia's Putumayo region, where about half the country's coca crop grows.

Colombia is now the third-largest recipient of US aid in the world, after Israel and Egypt. And it seems likely that more US aid will soon be on the way. Colombian President Andres Pastrana met with President Bush in Washington in late February and asked for an ongoing US commitment.

American supporters of the plan point to Colombia as the source of 90 percent of the cocaine consumed in the United States and about 60 percent of the heroin that flows to the East Coast. The billion-dollar interest in Colombia, say US officials, can be summed up in one word: drugs. But critics claim Plan Colombia is a blueprint for war. They argue that Colombia has a surplus of violence and warfare and that the last thing it needs is another military-based program, especially one that embroils the United States in armed conflict with Colombian guerrillas who have their strongholds in the coca-growing countryside.

Indeed, rifle-toting groups--from the army and police to various guerrilla groups, counterguerrilla death squads and criminal gangs--are so prevalent in Colombian political life that most analysts simply lump them together under the deceptively delicate term "the armed actors." And what a ghastly tragic-opera this ensemble has produced. The greatly escalated US involvement comes as a forty-year dirty war between the Colombian government and the continent's most entrenched guerrilla army spins into a blood frenzy; as an armed right-wing "paramilitary" force burgeons in size and asserts its presence by butchering unprecedented numbers of civilian victims; as hundreds of thousands of rural families are "displaced" by the rampaging violence; as Colombia becomes the kidnapping capital of the world; as a national peace process hangs by a thread; and as the worst economic recession in a half-century ravages the lower and middle classes and drives unemployment to a stratospheric 20 percent. "No less than a generalized humanitarian crisis" is how Colombia's semiautonomous national human rights ombudsman, Eduardo Cifuentes, describes the situation.

Against this backdrop, the US plan to put four-fifths of its mammoth aid program into a Colombian military buildup seems to many the precise opposite of what is needed. Says political analyst Carlos De Roux of the Jesuit-run Fundacion Social, "If you have a patient who is very ill and whose internal organs are inflamed, you don't just intervene with a scalpel and start tearing away at more flesh and tissue. Instead, you make a diagnosis of the root causes of the problem and you begin treatment by stabilizing the patient, not further aggravating him."

A Typical Day: 26 Massacred, 10 Missing

The tectonic class divide in Colombian society emerges in this mountainous Andean capital of 6 million as a near-perfect geographic split. The southern half of the city melts into the legendary Ciudad Bolivar, a sprawling and violent Casbah-like ghetto whose inhabitants boast that it's too dangerous even for the army to enter. Northern Bogotá, meanwhile, flaunts designer boutiques from Hugo Boss to Mont Blanc, along with Colombia's equivalent of Wall Street. At its edge, it neatly melds into foothill neighborhoods festooned with elegant high-rise condos whose rooftops are often shrouded in a gossamer mountain fog. On any Sunday, take a stroll down Avenida Chile toward the discos, casinos and outdoor cafes of the northern Zona Rosa and there is a cop, or even a soldier, on every corner--not to menace, but to protect the social elite bunkered into this rarefied enclave. For while the war that rips through the countryside is barely heard here in the capital, its byproducts, especially pandemic kidnappings, haunt the daily routines of the better-off. It might be a short-term abduction triggered by stepping into a "taxi" whose driver, at gunpoint, forces his fare to sign a sheaf of blank checks or surrender his ATM card and code. Or it could be the real deal--one that demands the family patrimony as ransom. So, to enter just about any public building, or even a private apartment house, in Bogotá is to go through the same security routines as at the jumpiest of international airports: sign in with armed private security guards, trade a photo ID for a visitor's badge and, often, pass through a metal detector.

Which is precisely the ritual that precedes a visit with David Buitrago, legal director of Pais Libre, a nonprofit that fights kidnapping. "Hardly anyone feels safe here anymore," he says as he pulls out a sheet with the latest tallies. "In ten years we have gone from 100 kidnappings a year to 3,706 during the year 2000." That's not only a 16 percent increase over the previous year but also about 50 percent of all the kidnappings in the world. All the "armed actors" do it. Usually for money. Last year 75 percent of abductions were carried out by guerrillas, mostly by the largest of the insurgent groups, the FARC and the ELN; 10 percent were committed by the right-wing paramilitaries. "While the paramilitaries kidnap fewer, their victims most frequently just disappear," Buitrago says dryly. And he worries that Plan Colombia will make matters worse. "If the plan really cuts into the drug trade from which all the armed actors profit," he says, "it might force them to increase kidnappings to make up the difference." And it's not just the rich who feel threatened. A recent poll showed that a mind-boggling 43 percent of Colombians fear they could be kidnapped. "Let's face it," says Buitrago, "Everyone wants to leave Colombia."

Consider three news articles on the front page of the Bogotá papers on January 19, the day I meet with Buitrago. One piece reports that a right-wing paramilitary group entered the northern town of Chengue two days before, rounded up the villagers and beat twenty-six of them to death with stones and machetes. As sixty homes were set on fire, the attackers fled with ten other live victims. The article goes on to say that this is the latest in more than 150 "massacres" by the paras in the past eighteen months, which have cost more than 1,500 lives. The leader of these death squads, Carlos Castano, says the news report, is wanted on twenty-two different warrants but has not been arrested. Another article reports that Bill Clinton's State Department, with only hours left before the Bush transition, employed a loophole in the US aid package and "voluntarily" decided to "skip" having to certify that the Colombian government has complied with US human rights demands attached to Plan Colombia legislation--specifically, suppression of the paramilitary death squads. The third news article reports that Gen. Peter Pace of the Pentagon's Southern Command has arrived in Bogotá to say that eighteen Super Hueys have been put into the hands of the Colombian military. The deadlier Black Hawks, says General Pace, will arrive by July.

Clinton's wink at the human rights certification on the same day as the Chengue massacre should provoke no special outrage. The bloodshed here is continuous. More than 35,000 Colombians have died in political violence over the past decade. "What we have in Colombia isn't a civil war," says Ombudsman Cifuentes. "What we have is a war of the armed actors against civil society."

La Violencia

President Pastrana was elected in 1998 on a peace platform, vowing to end a half-century of violence and war. He spoke boldly of a sort of Colombian Marshall Plan that would seek foreign assistance to fight corruption, give some depth to Latin America's oldest formal democracy, reform the justice system, negotiate a settlement with the leftist guerrillas and, yes, fight the drug trade. He asked for $3.5 billion in foreign support which he would match with $4 billion in Colombian government funding.

Pastrana's election so stirred the hopes of a war-weary nation that soon after his election, millions of Colombians came into the streets rallying for peace. At first blush, the aristocratic, fine-featured President seems an unlikely choice to play such a historic role. His father, Misael Pastrana, was a lackluster president in the early 1970s. And Pastrana's Conservative Party is hardly the voice of the common people. But, then again, Colombia defies nearly all Latin American stereotypes. It has produced no significant stretch of military rule nor any sustained populist or nationalist movement of the sort common elsewhere on the continent. The political left, meanwhile, has been historically weak.

For most of this century, the Colombian political stage has been so monopolized by two major parties, the equally ill-named Conservatives and Liberals, that from the mid-1950s into the 1970s they even governed together with no real opposition. "Strangely, we have a deep democratic institutionality that coexists with the most barbaric violence, and the state has a foot in both," says analyst Carlos de Roux.

Bloodletting in Colombia became more or less a permanent fixture back in 1948 when a popular presidential candidate was murdered. Mass rioting turned into an era known as La Violencia, which stretched into the 1960s. At that time, some of the peasant groups that had armed themselves as self-defense militias became politicized and, under the leadership of the now-septuagenarian Manuel "Sure Shot" Marulanda, morphed into the leftist guerrilla group known as the FARC--today a well-armed force of 18,000 fighters. Other smaller Marxist insurgencies flowered. The FARC and to a lesser degree the 3,000 member ELN have through the decades extended their reach over sizable chunks of sparsely populated Colombian countryside but failed to gain much support elsewhere. "Be clear on the FARC," says Mauricio Vargas, an editor and columnist at Gabriel García Márquez's weekly, Cambio. "They are not your Che Guevara, Comandante Marcos sort of romantic guerrilla force."

That's an understatement. While originally rooted in Marxism, the FARC has moved into criminal activity. Its base of operations in southern Colombia overlaps some of the richest coca-growing regions in the world. For some time now, the FARC has harvested rich revenues by levying a "tax" on the coca-growers, in return for which the FARC protects the growers from attack. Recently, there is growing evidence that the guerrillas have gone deeper into the coca trade, expanding into processing and edging into trafficking and sales.

Colombia's--and President Pastrana's--dilemma is this: Poverty and social inequality produce not only coca plantations and violence but also dogged guerrilla armies. And eventually they all become intertwined. How to undo this Gordian knot?

Talking Peace--Planning War

President Pastrana met with US officials in 1999, showing them his comprehensive national reconstruction plan and asking them to fund a significant part of it. He came out of those meetings with a $1.5 billion opening commitment. But in those same meetings, the Plan Colombia playbook got radically redrafted. The Marshall Plan aspect of the blueprint was pushed aside. Shoved to the top were a militarized drug war and an El Salvador-like counterinsurgency plan. "Maybe the rewritten Plan Colombia is the price Pastrana had to pay the US to be able to proceed with the peace process," speculates Carlos de Roux.

Pastrana pushed ahead with his peace initiative, meeting with the FARC's Marulanda and even granting the guerrillas a temporary demilitarized zone to be used as a staging area for negotiations. But because the talks produced no cease-fire, the fighting has intensified as all sides escalate in order to win bargaining advantages. Government forces, badly hurt by the guerrillas from 1997 to 1999, have gone on the offensive. The FARC has also ratcheted up its forced recruitment, its drug involvement and its kidnapping for ransom.

Not only has the United States been lukewarm to the peace talks--many Colombians have also soured on their prospects. To the revulsion of millions, the FARC used the demilitarized zone to hold kidnapped hostages. Meanwhile, it allowed coca cultivation, while its attacks on civilian areas rose. The FARC formally froze the peace talks in November, demanding that President Pastrana take effective action against the right-wing paramilitaries if he wanted to renew the negotiations.

Which brings us to the latest set of "armed actors," the paramilitaries, at least 11,000 well-armed troops financed by the wealthiest coca barons and committed to exterminating the leftist guerrillas and their supporters. From their stronghold in the north, the paras have started branching out nationwide and are locked into a particularly bloody struggle with the guerrillas to secure access to the Pacific Coast--a key to maintaining the coca trade. "In the past few years the Colombian military has gotten out of directly waging the dirty war, and at the same time there has been a commensurate rise of the size and ferocity of the paramilitaries," says Andrew Miller of Amnesty International. "And it is amply documented that even if independently financed, the paramilitaries work hand in hand with the government forces." Even the US government, at some level or another, will concede that last point.

In February Pastrana managed to get the stalled peace talks restarted by making a commitment to crack down on the paramilitaries. But the FARC also bears responsibility for the situation: Its behavior has been so outrageous that it has allowed the paramilitaries to pose as heroes to an ever more frightened and disillusioned urban population.

Fumigating the Poor

Sensitive to charges that Plan Colombia will only stoke the fires of this internal conflict, the Colombian government's point man on the issue, National Security Adviser Gonzalo de Francisco, strains to emphasize the least bellicose aspects of the operation. During an extended interview in the elegant Narino Presidential Palace, the soft-spoken 40-year-old political scientist makes his best case. "Coca has feet, it moves around," he says. So, yes, he says, there is a military component to eradication. But aerial fumigation is not to be "indiscriminate," he says. "Forced eradication is like chemotherapy," he says. "If we continue forced eradication for five more years we will kill the patient." So while forcible fumigation will be escalated against the big-time growers, for the first time in a serious way, de Francisco says, the Colombian government will strive to negotiate contracts with impoverished coca farmers under which they will agree to manually destroy their crops. In return, the government will give each family up to $2,000 in subsidies and technical assistance to grow substitute crops like rice, corn and fruit. (De Francisco says that Washington is providing $16 million specifically for these purposes--about 1 percent of its Colombian aid package.) The average coca farmer makes about $1,000 a month, but de Francisco argues that while a campesino might make less growing corn or rice, he has a moral and legal obligation to stop growing coca. "Coca will be leaving Putumayo," he affirms, while agreeing that as many as 10,000 rural residents might be "displaced."

But de Francisco's critics contend that as much as 75 percent of the illicit crops are on tiny plots owned by poor farmers who have little other chance of economic survival. Only a minority are large "industrial" sites. "Plan Colombia is absurd and dangerous because it believes it can fumigate poverty," says political science professor José Cuesta. Cuesta, a former M-19 guerrilla, is now a leader of the Citizens' Network for Peace in Colombia. "The coca crops are nothing but a concrete response to the ravages caused by unrestrained free-market economic policies." Even the coca pickers, he says, are increasingly the urban poor looking to survive. "If the government were serious about drugs, it would forget about the campesinos and attack the industrial and financial centers that most profit from trafficking," says Cuesta. "This wouldn't be called Plan Colombia. It would be called Plan United States."

De Roux fears the current actions could drive the farmers deeper into the arms of the FARC. "Until now the farmers have not supported the guerrillas but merely accommodated them," he says. "This military push might cement the bond. Worse, it could push the FARC and the coca growers deeper into the jungle, and it could encourage the FARC to become a full-blown cartel." Already Ecuadorean farmers living near the southern Colombian border are reporting that they have been offered money by Colombian drug traffickers to begin coca production.

Meanwhile, the indigenous population of the targeted southern region is already paying an elevated price. Right-wing paramilitaries have recently expanded in that area and are challenging the FARC not only for territorial control but also for collection of the coca "tax." The Indian communities have been caught in the crossfire and have lost much of their traditional leadership in the bloodshed. The FARC has also escalated its forced recruitment of teenagers from indigenous families. Add to that the stepped-up government spraying, and "for the indigenous this is a catastrophe," says a government anthropologist who requested anonymity. "Much of the land there is unfit for anything but coca. And the government is wiping out the traditional and even the nontraditional crops." The national human rights ombudsman's office has highlighted several cases involving Cofan Indians who had their food crops, medicinal plants, fish harvesting tanks and grazing fields sprayed with herbicides. An Associated Press correspondent who traveled to Putumayo reported that most of the fumigation he saw had hit the smallest of crops, many an acre or less. This directly contradicts the government claim to be targeting the "industrial" crops.

None of this has deterred the Colombian Army from claiming at least partial victory in mid-February. An official army press release said that eradication efforts were running ahead of schedule and had been "carried out without any incident to date with any farmers or settlers." This bluster might be just that--face-saving public relations. A few weeks after the push began, six regional governors protested the forced eradication and military approach of Plan Colombia, doubtlessly contributing to the otherwise unexplained decision to halt the spraying temporarily.

Echoes of Vietnam

Perhaps after the meeting between Pastrana and Bush, we'll have a better idea of what the new Administration's Colombia policy will be.

Someone in Washington is going to have to decide how much more it wants to invest in Colombia, how much of that aid should continue to be military and just how much, if at all, Pastrana's parallel peace efforts will be supported. Or, on the contrary, what kind of appetite Washington has for being more explicitly entwined not so much in a drug war as in counterinsurgency. The line between the two is already considerably blurred by Plan Colombia. "It's ambiguous," says a US Embassy official. "Anyone involved in any phase of drug production no matter what hat he is wearing is now a legitimate target."

There's no question that a significant part of the American political class would just as soon see Pastrana shut down the peace talks. "If the FARC does not start showing some real good faith real soon, it is indeed time to pull the plug [on the peace process]," says Republican Congressman Benjamin Gilman. "Pastrana should then go ahead and shut down the guerrilla zone and send in the troops." This sort of talk rattles some Colombian analysts. "It's not very reassuring that we are the only regional headache for the US," says Roberto Pombo, editor of García Márquez's Cambio. "If we have a couple of hundred advisers here and one day the FARC kills three of them and that happens on a day when the US President is in trouble on some domestic issue, what happens to us? Ask the Libyans under Reagan, or the Sudanese under Clinton." Adds Mauricio Vargas, "The US is already up to its ears in Colombia. Everything's already here except the troops." There are already American "contract" teams in Colombia, one of which was fired upon in late February when it went into a guerrilla zone to rescue a downed helicopter crew.

But is Plan Colombia really a prelude to a new Vietnam? It's unlikely that the Bush Administration is about to send thousands of US troops into the crossfire between the FARC and the paramilitaries. But there are, nevertheless, historical parallels beyond the obvious imagery of blanketing foreign jungles with defoliants. Once again, US power is being projected abroad to achieve its own objectives at a punishing social cost to a country we're "assisting." And as in Vietnam, even the US objectives are muddled and elusive. All available evidence shows that drug use is never reduced by attacking the source but only by reducing the demand. Plan Colombia, at best, will only disperse drug production from Colombia to some neighboring location, and it will do nothing to reduce drug use in the United States--except perhaps to spike the price of cocaine and make the trade that much more profitable.

One US Embassy official essentially confirms the gap between what seemed to be Pastrana's original vision of Plan Colombia and its reality today. "The US and Colombia have different priorities," the official says. "Colombia has peace as a priority. We have narcotics."

Eternal War?

The US strategy has little regional support. "Panama does not want to get involved in the internal problems of Colombia. We've been shying away from that in every way," Panama's Ambassador to the United States, Guillermo Ford, told the press. Nor are Europeans enamored of Plan Colombia. In early February the European Parliament, concerned about human rights and the rise of the paramilitaries, voted 474 to 1 to oppose it.

Unfortunately, there's little echo of that peace constituency in the US Congress. Senator Paul Wellstone has waged an unsuccessful battle to redirect US policy toward domestic drug treatment programs. But, he says, "I have hope, because across the country I see people more engaged in this issue."

Only a comprehensive and negotiated settlement can stop the cycle of violence in Colombia. Such a settlement would include a program of manual eradication bolstered by deep reform that would incorporate and demilitarize the armed actors. The peace process undertaken by Pastrana and the FARC--and recently joined by the ELN--is the first step in that process.

But for now, the staccato crackling of automatic weapons and the beating of chopper blades are still louder than the voices of dialogue and reconciliation. "If you pick your head up against the military, you can get it blown off by the paramilitaries," says a discouraged Mauricio Vargas. "And if you are on the left, where can you go? You are squeezed between a government and a guerrilla army, neither of which you can support. All the conditions here are ripe for eternal war."

And yet at times an astounding number of Colombians--as many as 10 million on one occasion in 1999--have rallied for peace. On the evening of January 25, as talks between the government and the FARC seemed hopelessly stalled and the pundits were preparing the peace movement's obituary, some 10,000 to 15,000 Colombians once again came out to defy the odds. Brought together by the umbrella group Paz Colombia, they gathered in front of the Bogotá bullring to stage a lantern-lit march. The procession snaked its way through downtown, led by a contingent of jugglers, leaping acrobats and costumed stilt walkers passing out candies and candles to onlookers. From human rights activists to striking trade unionists, from students to well-dressed middle-class professionals, the crowd was a mix not only of class but of ideology. Internal refugees displaced by the death squads marched alongside those pushed from their homes by the guerrillas. The wives of slain and kidnapped policemen locked arms with the mothers of young men "disappeared" by the security forces. The crowd sang out its chants, "Plan Colombia--Plan for War" and "Not one more body, not one more peso for war!"

No one in that demonstration better embodied the complex forces that underlie war--and peace--in Colombia than 45-year-old Nubia Sanchez. Originally from San Vicente de Caguan, Sanchez said she fled the area after it was ceded to guerrillas in the peace talks and the FARC began forced recruitment of 13- and 14-year-olds. And yet she marched that night to demand not only that the peace talks continue but that the government renew the agreement to let the guerrillas continue to control the area from where she fled. "My personal situation is not important," she said as she held the candle lantern to her chest. "Dialogue is the only way to get to peace."

At Simon Bolivar Plaza, as mounted police and a helmeted riot squad gazed on from the shadows cast by colonial-era lamps, the marchers swarmed around a statue honoring the "Liberator of the Americas." When the organizers set free a barrage of white helium-filled balloons, the marchers lifted their lanterns and cheered. One could imagine that someone standing on one of the mountain peaks behind the city and peering down into the dark Andean night would discern a distant flicker of light--and of hope.

On the Editorial Pages on March 2, 2001

WHAT IF DOCTORS CHOSE GLOBAL TREATMENT FOR AIDS OVER PHARMACEUTICAL COMPANIES' FREEBIES?

By Herbert Schreier
San Francisco Chronicle
http://www.commondreams.org/views01/0302-05.htm

I received a call recently, inviting me to a talk about the treatment of depression by a somewhat well-known psychiatrist. The presentation would be at an upscale restaurant. I could bring a guest and I would be paid $100 just for attending.
tickets to Giants and 49ers games -- and to a sailing weekend on Monterey Bay (guest welcome).

While my colleagues in pediatrics sometimes receive free lunches at hospital events sponsored by these companies, their freebies pale next to those offered to psychiatrists. Of course, the psychiatric pharmacopoeia is much more lucrative to drug companies than the routine medications pediatricians normally presribe.

In all fairness, most "detailers" (read salespeople) are knowledgeable and do provide, along with samples and gifts, various useful services. That is not the point. But the largesse of these companies as they bring us to the trough of knowledge needs to be compared with the actions of their management in other areas.

For example, the intensity of their concern for our health and safety is belied by a report that, despite FDA admonitions against using products derived from cattle in countries with mad-cow disease, some of the largest pharmaceutical companies were still using such ingredients in the manufacture of vaccines.

In the same week, we learned that the only highly effective drug widely used to treat the uniformly fatal African sleeping sickness was to be phased out of production. It was granted a reprieve only after the manufacturer learned that it could market the drug as effective in preventing facial hair growth in women -- surely not a problem that many Third World women fret over. (It needs to be used monthly at a cost of $50 per treatment.)

But the most scandalous position taken by these pharmaceutical houses, among the most profitable businesses in the world, is in their approach in the AIDs pandemic that threatens generations to come in Africa and South America. Already 17 million have died. Another 32 million adults and children are HIV- positive in Third World countries.

The success of combination drug therapy against AIDS would be heartening if it were not for the fact that treatment costs $10,000 to $15,000 per year.

Appeals to drug companies to lower their prices are met with a litany of excuses. They make tiny discounts only after much publicity. Their officials say they can't cut prices because they need the incentive of great profitability in order to continue doing research.

When poor countries began to manufacture their own form of these drugs, pharmaceutical companies cried patent infringement. They donated huge amounts of money to both George W. Bush and Al Gore, and won support from both candidates.

Brazil, despite its economic problems, decided not to turn its back on its ill and impoverished populace. Relying on agreements that exempted the country from patents on drugs discovered before 1996, Brazilians decided to manufacture their own generic anti-retro virus drugs. Any infected Brazilian may receive the three-drug anti-HIV treatment free. Brazil and India, another defiant producer, are threatening the "social contract" that gives drug companies a 20-year monopoly on their discoveries and the right to charge what they want. In those countries, the cost per patient to manufacture the drugs is down to $3,000 a year -- with the promise of lowering the cost to $600 a year and, in the case of India, where this is being done by private companies, still make a profit.

Not only have Brazilians prevented an estimated half-million new AIDs cases,

they have cut hospital costs by $424 million in 2 years.

Not included in these savings is the side benefit of preventing tuberculosis and other contagious disorders associated with AIDs.

It was argued that Third World patients would not be able to adhere to the strict regimen required for this treatment. But, in fact, Brazilians exactly matched the compliance record of natives of San Diego.

Drug company officials say poor profits would have a chilling effect on future research. And it's true that advances in parmacology in recent years have been prodigious. In psychiatry, our ability to relieve the suffering caused by an array of mental illnesses has been enormously enhanced. But many of these discoveries have been made at the public's expense through research grants -- or in government labs, then licensed to drug producers.

There is, in fact, a law that allows the government to seize drug patents if the holders are not adequately addressing the public's needs. But I know of no case where this has been done.

An article in the New York Times by Tina Rosenberg estimated that, if we chose to make AIDS treatment available to all, much like Unicef's global system of vaccination, even at the low price of $600 per patient per year, it would take $3 billion a year to treat the estimated 5 million patients who need the drugs. Leaving the issue of how much profit is needed aside, these same drug companies spend $1 billion a year on promotional events such as the ones I have been invited to.

The detailers cost them another $5 billion. If all the doctors in America said no to free meals, pens, clocks, calendars, stickums and the like; if they paid for their own educational events and meals and asked that this $1 billion be spent to address the AIDs pandemic, that amount could pay for fully a third of the needs of the afflicted.

And if we physicians agreed to get our information about drugs from any of a number of Internet sites (where drug companies could advertise their brand names), we could actually treat the world's AIDS patients and, with the money left over, wipe out tuberculosis and maybe even malaria.

Wouldn't that be worth a sail on Monterey Bay?

DRILLING IN THE CATHEDRAL

By Thomas Friedman
New York Times

Listening to President Bush's speech about his budget the other night, you could hear the theme song for his administration: "Don't Start Thinkin' About Tomorrow."

The short translation of the Bush speech is: Hey, it's not the government's money, it's your money. It's not your children's Arctic National Wildlife Refuge, it's your refuge, and you can drill for oil there if you want. It's not your national debt, it's your grandchildren's national debt.

Geez, and they said the Clintonites were self-absorbed — me-me, I-I, now-now, yuppies. What about this crowd?

I'll let the experts point out the irresponsibility built into the Bush budget. As my colleague Paul Krugman, a real economist, has deftly explained, there is no way Mr. Bush's budget numbers can work without making wildly optimistic surplus projections, or stealing from future generations, or taking risks no serious person would take with his family's budget.

Having just visited Alaska, though, I'm troubled by what such thinking can do to the environment. What happened to the word "conservation"? Has it gone the way of "liberal"? Are we no longer allowed to call for conservation without engendering catcalls? America has 5 percent of the world's population, but consumes nearly 25 percent of world oil supplies. Yes, some speechwriter did slip one reference to conservation into Mr. Bush's speech, but only after he first emphasized his favored approach to our energy deficit — more "production."

I could understand, if we were down to our last barrels of oil and our very lifestyle were threatened, that we might risk believing the oil companies that they can drill in the Arctic National Wildlife Refuge, in northern Alaska, without damage. But we are so far away from that. We have not even begun to explore how just a little conservation, or a small, painless increase in energy efficiency, could relieve us from even thinking about risking one of the earth's most pristine environments.

Check out the Web site of the Natural Resources Defense Council (www.NRDC.org). It notes that the most credible estimates indicate that the Arctic Refuge contains about 3.2 billion barrels of economically recoverable crude oil — less than America consumes in six months. Risking the Arctic Refuge to extract that pittance of oil is nuts, when it could be painlessly extracted through better conservation and efficiency. As the Defense Council points out, by simply increasing average fuel efficiency on new cars, S.U.V.'s and light trucks from 24 to 39 miles per gallon over the next decade, we would save 51 billion barrels of oil — more than 15 times the likely yield from the Arctic. At the same time, if we just required replacement tires for cars and light trucks to be as fuel- efficient as the original tires on new vehicles (which have lower rolling resistance), we would save 5.4 billion barrels of oil over the next 50 years, far more than in the Arctic Refuge.

The Arctic Refuge is a unique environmental cathedral — a 19-million- acre expanse where mountains meet ocean, where grizzly bears meet polar bears, where 130,000 caribou migrate each spring to give birth on the coastal plain, where an entire ecosystem is preserved and where Mother Nature is totally in charge. This is not Yellowstone Park, with campsites and R.V.'s. The original idea behind the refuge's creation was to save an area of pure wilderness, in which there would be no maps, virtually no roads and no development. When the Bush team says it can drill in such wilderness without harming it, it's like saying you can do online trading in church on your Palm Pilot without disturbing anyone. It violates the very ethic of the place.

"Wilderness as a concept is immutable," explains Richard Fineberg, an Anchorage-based environmental consultant. "It is like perfection — there are no degrees to it. Oil development in a wilderness, no matter how sensitive, changes the very nature of it. It means it's no longer wilderness. If the drill worshipers prevail in the Arctic Refuge, then there will be no place on this continent where a unique environment will be safe from greed and short-term interests."

What will you tell your grandchildren when they ask: How could you destroy a unique wilderness area to buy six months' supply of gasoline? Why didn't you just improve gas mileage a little each year? Why didn't you lift just a tiny finger for conservation? Weren't you thinking about tomorrow at all?

FLIPPED PRIORITIES, GAS HOGS IN BUSH ERA

By Derrick Z. Jackson
Boston Globe
http://www.boston.com/dailyglobe2/061/oped/Flipped_priorities_gas_hogs_in_Bush_era+.shtml

AS WE PLOWED THROUGH the slippery slush in New Hampshire last Sunday, the evidence mounted that SUV stands for "stupendously uncontrolled virility." Lots of cars were spun out into snowbanks. At least they were still upright. The one we saw flipped over on its side, the one requiring the blazing red lights of ambulances and fire trucks, was a sport utility vehicle.

This was on the heels of a truly bonehead incident from a few days earlier. We had walked up a mountain road out of Jackson, N.H., to a cross-country ski trail. At the trailhead, a man looked for help. His SUV was stuck on a hump of snow right where skiers put on their skis.

We had some initial sympathy for the man and offered to push him off the hump. But one wheel was dangerously near a dropoff. We agreed that he should call for a truck with a winch. The man then explained why he was on the hump. He wanted to drive over it for a recreational drive up the trail.

We looked up the trail. It was professionally machine-groomed for skiers only. The first 50 feet, however, had been destroyed by the man's tire tracks.

We muttered to ourselves that this was yet another example of how SUV ownership seems to come with a god complex to go where no man has gone before or should go. It's part of the seemingly inalienable right of Americans to love automobiles at any cost or contradiction. They call them sport utility vehicles even though the man on the hump was trying to ride roughshod on his rump over everyone else's exercise. And what if a kid had come barreling down the hill?

And just when you thought SUVs could not get any bigger or more gross, DaimlerChrysler has announced that it will unleash the Unimog on America. The Unimog will be 20 feet long, a foot longer than the Ford Excursion. It will stand nearly 10 feet high, beyond the dunking abilities of anyone except Julius Erving. It will weigh 12,500 pounds - more than two Chevrolet Suburbans, more than an adult elephant. It will get 10 miles a gallon.

It cannot be a coincidence that the Unimog will be offered precisely when we have a new president on whom the automotive and oil industries overwhelmingly placed their campaign bets. According to the Center for Responsive Politics, the automotive industry gave President George W. Bush $1.25 million in the 2000 election. Car makers gave challenger Al Gore $115,790.

The oil and gas industry gave Bush $1.86 million while giving Gore only $131,764. In all 2000 elections, the oil and gas industry gave 78 percent of its money to Republicans, $25.4 million compared to $6.6 million for Democrats. The percentage of oil and gas money given to Republicans has zoomed up from 60 percent in 1990, when Bush's father was in office.

That is not because former Vice President Gore and former President Clinton were eco-nuts. In the last 12 years, the sport utility vehicle has dropped average American fuel efficiency back to what it was 20 years ago. But it is obvious the fossil fuel giants see a special opportunity for exploitation under Bush, since he made drilling for oil in the Arctic National Wildlife Refuge the highest-profile example of his energy strategy.

There is no sign that Bush reads anything from the National Resources Defense Council, which says Americans would save 70 percent more oil than what is likely to come from the Arctic merely by requiring that all tires be as good as tires that come as standard equipment on new cars. The council said that by raising fuel-efficiency standards to 39 miles per gallon, the savings would be more than 15 times the number of barrels of oil that would likely come from the far north.

It will take some very bad things to turn this around. Perhaps it will take a few more Explorer blowouts and rollovers. Perhaps it will take a sour turn in the Middle East. Maybe it will be a shootout between owners of an Expedition and a Unimog dueling for a parking space.

Judging by the flipped vehicle on the highway and the tire tracks on the cross-country ski trail, any change will not come from any voluntary siege of common sense. Even with gasoline soaring to $1.50 and $2 a gallon, there is no sign that the novelty of the SUV has worn off. There is only the detritus of stupendously uncontrolled virility.

TRUE BELIEVER

By William Raspberry
Washington Post

http://washingtonpost.com/ac2/wp-dyn/A11679-2001Mar1

I’ve been listening to the tax-cut debate -- over budget surpluses, projections, fairness and the rest -- but my mind has been on another question: Why?

Why does President Bush insist on a huge tax cut, even when the American people, the polls tell us, are lukewarm to it at best?

Oh, I heard his speech before Congress the other night, and he did a pretty good job of making the point that budget surpluses are another name for overtaxing -- that if the government has collected too much of our money, it ought to give some of it back. But as far as I can see, the surpluses we keep talking about are mostly in the Social Security and Medicare programs, where they have been built up quite deliberately in order to pay benefits for the aging baby boom generation. Beyond that -- and particularly given the fact that the projections are based on levels of economic activity that may not be reached or sustained -- the surplus is a guess.

So why does Bush want to give it away? His explanations seem to change with the times. When he first proposed essentially the same tax cut he’s now peddling, the economy was doing quite well. And that was the rationale for the cut: Good times were producing more revenue than the federal government needed.

Now that the president says he fears a recession may be at hand, he proposes the same tax cut to stimulate the economy -- presumably to make it produce the excess revenues out of which the tax cut will be paid.

Why? Is he more like President Reagan, who rammed through huge tax cuts in the name of supply-side economics? Or more like Jack Kemp? Reagan told us -- remember? -- that he could cut taxes massively while simultaneously increasing defense spending without running up a dangerous deficit. What he produced (though partisans still deny it was his fault) was a huge deficit that we’ve only recently clawed our way out of.

But as Reagan’s budget director, David Stockman, later told Pat Moynihan, Reagan never expected any such magic. The truth, Moynihan said Stockman told him, was that there were several programs Reagan thought the government shouldn’t be involved in but which were too popular to kill outright. His ingenious plan was to cut taxes to the point where the hated programs couldn’t be sustained -- leaving their backers to argue over which programs to sacrifice first.

Does Bush want tax cuts for similar reasons?

Or is he more in the mold of Kemp, who seems really to believe that tax cuts are economic magic, capable of forestalling recession, creating growth, increasing revenues and, maybe, preventing the heartbreak of psoriasis?

Is cutting taxes something Bush wants to do for his kind of people -- rich Republicans -- and to hell with the rest of us? Here goes my naivete, but I don’t see the president that way. I think he must see tax cuts as a good thing, not just for his rich pals but for America. I’m just not sure how he thinks this good thing will come to pass.

It doesn’t even seem to make political sense, at least not in the usual way. Americans are frequently condemned as selfish, but the polls show that, while all of us might welcome a sizable check in the mail, most of us would prefer that most of the budget surplus (if it exists) be spent on such things as better education and stronger guarantees for Social Security. Even those who favor the tax cut rank it as a relatively low priority.

So why is Bush so hot for it?

I just put the question to a smart friend. His answer:

"I think it has less to do with economic theory than with core belief. For the Republican right, tax cuts aren’t good because. They’re just good. And if they pass a tax cut this year, they’ll want another one next year. It’s not about supply side or stimulation or any of that stuff. It’s just part of the gospel."

Can it be that simple?